

INTELLIGENCE MEMORANDUM

SUBJECT: The Breakdown at Kaesong

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The evidence now available is not sufficient to permit an assessment of the Communist purpose in breaking off the cease-fire talks at Kaesong, or even a valid decision as to whether, in suspending them "until a satisfactory reply is received," the Red Chinese and North Koreans intended a permanent or temporary rupture.

The break-off apparently is the culmination of a planned series of protests against alleged UN transgressions, and was staged with two possible purposes in mind: the establishment of a position for purely political, propaganda or military reasons limited to Korea and China, or the preparation of a basis for Soviet strategy at the Japanese Peace Conference in San Francisco.

It should be noted that if the Kaesong breakdown does prove to be part of a master plan which embraces the San Francisco Conference as well, Soviet Russia has maintained itself in a position which permits great latitude of maneuver. Although probably in substantial control of decisions taken in Peiping and Pyongyang, the USSR enters the conference, from a technical point of view, with pure and neutral hands.

If local considerations lie behind the development at Kaesong, there would seem to be two possible explanations. In the first place, the Communists could feel that by yielding on the two occasions when the United

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Nations representatives broke off the talks, they had lost face and had weakened their propaganda position. Breaking off the talks could be presented to the Chinese and North Korean populations as an initiative taken under extreme provocation, and at the same time might serve as a warning to the UN negotiators that the Communist side was in no mood for concessions. In such case, a formula could be found for early renewal of the talks.

On the other hand, the talks could have been broken off as a preliminary to a limited offensive designed to carry the front south to the 38th parallel or just below. If they reached that point, the Communists could again offer to negotiate, pointing out that the UN delegation had demanded a cease-fire line based on the position of the front. This would have the double advantage of reinforcing the Sino-Korean argument for a cease fire at the old border, and of depriving the UN of the most advantageous defense positions it has yet held.

If the Kaesong breakdown is related to the San Francisco conference, the possibilities cover a wider range. It could be intended as a demonstration of lack of good faith by the United Nations in general, and the United States in particular, designed to strengthen the USSR's position in attacking the Japanese treaty draft.

The break-off could also be a necessary preliminary to subjecting the San Francisco Conference to the pressure of military events. This could be done by launching a full-scale offensive prior to the conference, with the minimum objective of driving the UN armies below the 38th parallel and the maximum objective of achieving a break-through and forcing a general Allied withdrawal which could be pictured to the rest of Asia as a rout. Communist military success might be a very effective weapon in disrupting the American plan for the conference.

Perhaps more probable, the break-off, or a series of break-offs extending into early September, might be used to lay the basis for a Soviet argument at San Francisco that the problems of the Far East are indivisible, that it is futile to seek a peace treaty with Japan unless the problems of Chinese recognition, Formosa, the Japanese islands, and Korea are solved as well, and that therefore the Peiping and Pyongyang regimes should be invited to send delegations forthwith to cooperate in a general settlement. In this connection, the USSR presumably would revive the suggestion that the principal powers, in a Big Four or Big Five meeting which included Communist China, should draft the general settlement.

The break-off might also be designed to permit the Soviet Union, at a propitious moment just before or during the San Francisco Conference, to suggest a resumption of the Kaesong negotiations and thus demonstrate that it is the champion of peace. Such a move might come during Gromyko's few free days in the United States between his arrival and the convening of the San Francisco conference. It is to be assumed that he will try to use this time to exploit all the possibilities of the situation, both at Lake Success and in Washington.

If Soviet proposals at San Francisco were to be rejected, a final breakdown of the Kaesong talks could be timed to coincide with a Soviet walkout from the conference, followed by a renewed offensive or actual expansion of hostilities.

Communist propaganda leaves all three regimes, Moscow, Peiping and Pyongyang, free to move in any direction. It has taken the line that the Communists, in the interests of world peace, hope to conclude a Korean armistice, but that Communist China and North Korea are prepared to continue the conflict if the United Nations persist in its unreasonable demands.

The propaganda apparatus of all three would be able to justify to the home front either a resumption of the talks, in which case the UN would be represented as having yielded to Communist demands, or a cessation of the talks and a resumption of the offensive, in which case the UN would be represented as having forced the Communists to attack.

ANNEX TO INTELLIGENCE MEMORANDUM

Offensive Potential of Communist Forces in Korea:

Joint North Korean-Chinese Communist forces in Korea, organized in 66 identified divisions and totalling some 495,000 troops, are in a position to launch, with little warning, a sustained offensive of at least two weeks duration. The UN Command believes that the level of enemy preparedness for such an offensive is the highest yet encountered in the Korean War.

Recent indications pointing to enemy intentions to commence such an offensive are: the high level of vehicle sightings (an average for the last week of 1,173 per day with a single day's high of 3,420); the re-equipping of North Korean forces with large amounts of ordnance, including armor and artillery; recent prisoner of war statements that a "6th phase offensive" was to be launched concurrent with the breakdown of truce talks;

the increased aggressiveness of enemy counter attacks; and the eastward displacement of the North Korean VI Corps from the west coast, possibly to reinforce the three already effective North Korean corps engaged in the eastern mountains.

Previous enemy offensives have been largely unsuccessful due to a tremendous UN superiority in ground support weapons, armor and air; there is a considerable amount of evidence, however, which indicates that enemy armored and air potential has been materially increased. The North Korean 105th Tank Division is now accepted in the Pyongyang area at its full strength of 120 T-34 tanks and, although still unconfirmed, many reports have stated that a Chinese Communist armored force of undetermined size is in Korea.

considerable Communist interest in increasing the strength and effectiveness of their artillery arm, and UN forces have been harassed daily by small Communist artillery and mortar concentrations all along the battle line.

In the field of air warfare, the Communists have apparently abandoned any attempts to stage a major effort from North Korean fields. The last few weeks have seen an almost total cessation of airfield construction activity in North Korea. While this factor limits Communist offensive capabilities for attacking UN rear-area installations and air fields, the enemy airforce is capable of conducting counter-air operations by Manchuria-based jet and conventional fighters over all of North Korea. A conservatively estimated 700 enemy fighters, light bombers and ground support aircraft are immediately available for commitment in the Korean war.

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